

## Message Text

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TO SECSTATE WASHDC PRIORITY 8786

INFO USMISSION EC BRUSSELS

AMCONSUL MILAN

AMCONSUL NAPLES

USDEPT. TREASURY WASHDC

C O N F I D E N T I A L ROME 11203

E.O. 11652: GDS

TAGS: EFIN, ELAB, IT

SUBJECT: LOMBARDINI'S VIEWS ON ITALIAN ECONOMIC PROGRAM

REF: ROME 10947

1. PROF. SIRO LOMBARDINI CALLED AT EMBASSY JULY 9 TO DISCUSS CHRISTIAN DEMOCRATS' (DC) EFFORTS TO DEVELOP ECONOMIC PROGRAM. LOMBARDINI, NEWLY ELECTED DC SENATOR, HAS LONG BEEN INVOLVED IN DC POLITICS AS AN ECONOMIC ADVISOR WITHIN DC, ASSOCIATED AT LEAST IN THE PAST WITH MORE CONSERVATIVE ELEMENTS. ACCORDING TO LOMBARDINI, DC HAS SET UP SMALL COMMITTEE TO DRAW UP AN ECONOMIC PROGRAM, WHICH INCLUDES HIMSELF, ANDREATTA (REFTEL), AND OTHERS NOT ALL OF WHOM ARE MEMBERS OF PARLIAMENT.

2. LOMBARDINI REPORTED THAT COMMITTEE IS STILL CONSIDERING VARIOUS IDEAS AND DRAFTS. HE WAS HOPEFUL THAT COMMITTEE WOULD BE ABLE TO COMPLETE ITS WORK BY JULY 14, LOMBARDINI PROMISED TO PROVIDE EMBASSY WITH COPY OF THE FINAL PRODUCT.

3. ITEMS LISTED BY LOMBARDINI FOR INCLUSION IN DC'S ECONOMIC PROGRAM AS FOLLOWS:

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(A) INCREASE TAXES TO OBTAIN ADDITIONAL LIRE 4,000 BILLION

IN REVENUE.

(B) CONTROL EXPENDITURES OF LOCAL GOVERNMENT UNITS (METHOD NOT SPELLED OUT).

(C) CONTROL IMPORTS. WHEN REMINDED THAT THIS PROPOSAL SEEMED TO CONFLICT WITH ITALY'S INTERNATIONAL OBLIGATIONS, LOMBARDINI ASSERTED THAT DIRECT TRADE MEASURES WOULD NOT BE USED. APPARENTLY HE HAS IN MIND CERTAIN DISINCENTIVES TO IMPORTS, WHICH WOULD BE APPLIED DOMESTICALLY.

(D) LIMIT WAGE EARNER TERMINATION PAYMENTS. UNDER PRESENT SYSTEM EMPLOYEE UPON TERMINATION IS PAID EQUIVALENT OF ONE MONTH SALARY FOR EACH YEAR OF SERVICE. CALCULATION IS BASED UPON EMPLOYEE'S SALARY AT TIME OF TERMINATION. EMPLOYER IS REQUIRED TO SET ASIDE FUNDS EACH MONTH TOWARD EVENTUAL TERMINATION PAYMENT. EACH TIME EMPLOYEE'S SALARY IS INCREASED, EMPLOYER MUST MAKE UPWARD ADJUSTMENT COVERING NOT ONLY PRESENT BUT ALSO SALARIES OF PAST YEARS. LOMBARDINI PROPOSES TO ELIMINATE BACK ADJUSTMENTS OF EMPLOYERS PREVIOUS CONTRIBUTIONS WHEN THE EMPLOYEE'S SALARY IS INCREASED.

(E) IN RETURN FOR THIS REDUCTION IN BENEFITS, LOMBARDINI BELIEVES IT WOULD BE POSSIBLE TO PROVIDE SPECIFIC AND RECOGNIZABLE BENEFITS TO WAGE EARNERS IN FIELDS OF HOUSING AND TRANSPORTATION.

(F) FINALLY, LOMBARDINI HAS PROPOSED GUARANTEED SALARY SCHEME TO INCREASE LABOR MOBILITY. WHILE HE DID NOT SPELL OUT IN DETAIL, OUTLINE AS FOLLOWS: EACH WORKER WILL BE CERTIFIED BY THE GOVERNMENT AS POSSESSING SPECIFIED QUALIFICATIONS. IF HIS EMPLOYMENT IS TERMINATED, HE WILL BE REQUIRED TO ACCEPT ALTERNATIVE EMPLOYMENT AT SAME LEVEL IF SUCH EMPLOYMENT IS AVAILABLE. IF HE REFUSES, HE WILL NOT BE ELIGIBLE TO RECEIVE GUARANTEED WAGE. IF ALTERNATIVE EMPLOYMENT NOT AVAILABLE, HE WILL RECEIVE GUARANTEED WAGE.

COMMENT: THIS PROPOSAL SEEMS TO BE SAME AS THAT PROPOSED BY DC IN EARLY 1976, WHICH DID NOT GAIN UNIONS' ACCEPTANCE.  
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